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CENTRAL INTELLIGENCE BULLETIN

CURRENT INTELLIGENCE RELATING TO NATIONAL SECURITY

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26 July 1965

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Dominican Republic: Leaders of the Caamano government have been somewhat more forthcoming during the past week in their talks with the OAS committee on a formula for a settlement of the threemonth-old crisis.

Ambassador Bunker, US member of the committee, is optimistic that the rebels may accept the latest committee draft of the "institutional act" that would serve as a constitution for the proposed provisional government.

Pressures among non-Communists in the rebel camp for an early settlement stem at least in part from the continued deterioration of rebel morale and from a growing inability of regime leaders to maintain discipline and control among the disparate elements in the rebel zone.

Another potent voice has been added to the number of Dominican civic groups pressing for an early solution. The country's largest labor confederation, which has been under democratic leadership since 1962, has drafted a declaration to both the Caamano and Imbert governments urging them to cease placing obstacles in the way of the immediate formation of a provisional government.

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Reports from the Dominican interior also reflect widespread desire for a quack settlement. Although living conditions have improved somewhat since the early days of the insurrection, the continuing isolation of the country's business and commercial center, in rebel hands, is still disrupting life in the interior. Unemployment is a serious problem.

Corruption among local police and other governmental personnel apparently has further alienated the public from government authority.

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Greece: The political crisis remains unresolved, and large-scale demonstrations to be held this week could lead to renewed violence.

The psychological tug of war between the Athanasiadis-Novas government and former premier Papandreou's faction has intensified. No definite trend toward either camp has developed, however, as the bulk of the Center Union deputies search for some indication of which side will win. The embassy comments that most of them are committed to nothing other than their own political survival.

Parliament reconvenes on Thursday to consider Athanasiadis-Novas' bid for a vote of confidence, but the real struggle could come on Wednesday when Papandreou may call a meeting of all the deputies representing the Center Union party in a last-ditch effort to mobilize support. Such a meeting could split the party wide open.

Despite security precautions that have been taken, renewed violence is possible during the next few days. The leftist General Confederation of Labor has called for a general strike on Tuesday, and conservative labor unionists are planning a mass demonstration on Wednesday. New student demonstrations are also threatened

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If Athanasiadis-Novas fails to win a vote of confidence and to secure a viable parliamentary majority, the King still appears likely to turn to former deputy prime minister Stefanopoulos to form a new government.

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Britain: Reginald Maudling and Edward Heath are the top contenders to succeed Sir Alec Douglas-Home as Conservative Party leader in the Tory MP balloting which begins tomorrow.

Some Conservative MPs believe the two men will be very close on the first ballot. Should the election require a second ballot on Thursday, many MPs are expected to vote for Tuesday's front runner in order to demonstrate party solidarity.

The US Embassy believes that both Maudling and Heath have solid leadership qualifications and draw support from among the young modernist, nonaristocratic elements on whom the party's future mainly depends.7

Maudling, however, may appeal more to older MPs and to those coming from rural constituencies than does the obviously ambitious Heath, who is also politically handicapped by being a bachelor.

Douglas-Home is expected to continue to exert a strong influence in party councils.

Douglas-Home will probably be asked to take the foreign affairs brief in the shadow cabinet in order to rally his supporters behind the new leadership and to reassure the more conservative elements that basic policies will not change.

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Israel-Lebanon: Israel appears to be building up a public case to justify an early move against Lebanon's project to divert Jordan River waters.

In recent days Israeli officials have been airing charges against Lebanon to Western press sources. This runs counter to an earlier undertaking to keep the matter within diplomatic channels.

On the basis of Israel's recent tactics, the British ambassador to Tel Aviv has concluded that Israel is "now poised to take action" against the Lebanese project.

Earlier this year Israeli military harassment brought work on a similar diversion project in Syria to a halt.

NOTES

France-NATO: Paris has informed SACEUR that its decision of last May not to participate in the NATO command post exercise Fallex 66 is to be interpreted to exclude the participation of French officers serving with the integrated NATO headquarters staff. The French chief of staff has requested that the exercise be organized so that no French officers are involved except communications personnel. In this latest step in the progressive weakening of the links between NATO and French national military forces, Paris has now directly challenged SACEUR's authority to determine how French personnel assigned to his staff shall be

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employed.

Japan: Prime Minister Sato's Liberal Democratic Party has lost its usual majority in the Tokyo Metropolitan Assembly following Friday's city-wide elections in which local graft and corruption were the main issues. The left-wing socialists, who won a plurality of the seats, and the Communists, who increased their holdings from two to nine seats, probably will attempt to use the assembly as a platform from which to denounce US policy in Vietnam. The Buddhist-based Clean Government Party, which holds the balance of power, may be expected to support the Liberal-Democrats on most municipal matters.

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